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**FISCAL IMPACT STATEMENT**

**LS 7442**

**BILL NUMBER:** SB 372

**NOTE PREPARED:** Jan 4, 2007

**BILL AMENDED:**

**SUBJECT:** Health Insurance Preauthorization Procedure.

**FIRST AUTHOR:** Sen. Simpson

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Department of Insurance (DOI) to prescribe a standard preauthorization procedure that must be used by an insurer or a health maintenance organization (HMO) concerning whether a proposed health care service that a provider proposes to provide to an insured or enrollee is covered.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** The bill requires the DOI to prescribe a standard preauthorization procedure that must be used by an insurer or an HMO. The procedure must be automated to the extent possible. The DOI may adopt rules to implement this provision. The proposal will increase administrative expenses for the DOI. However, it is expected that the DOI will be able to prescribe the procedure and adopt rules, if necessary, given its existing level of resources.

The DOI is funded through state General Fund appropriations and through dedicated fund revenues (the DOI fund).

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOI.

**Local Agencies Affected:**

**Information Sources:**

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